

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7038

BILL NUMBER: HB 1926

DATE PREPARED: Jan 23, 1999

BILL AMENDED:

SUBJECT: CHOICE Funding.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill appropriates to the Division of Disability, Aging, and Rehabilitative Services funds from the state General Fund necessary to provide community and home care services to every eligible individual.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill appropriates General Fund monies sufficient to provide community and in-home services to every eligible individual. The cost of providing CHOICE services to all additional eligible individuals is estimated to be \$33 million to \$68 million.

A 1998 study by Indiana University projecting the need for community-based services, long term care and other supportive services estimated 260,300 elderly individuals who have sufficient physical problems to be eligible for in-home services. Of this number, assuming that current patterns of informal assistance continue, approximately 156,000 elderly individuals would have insufficient family and community support and would be in need of formal in-home services by CY2000. There were 109,453 individuals who received IN-Home services in FY98 through Medicaid waivers, CHOICE, Social Services Block Grants, or Title III of the Older Americans Act. This would leave at least 46,500 elderly individuals without formal services.

Assuming the income distribution of these 46,500 elderly individuals is similar to the income distribution of the general 65-and-older population, and that they apply for CHOICE services in a pattern consistent with the income distribution of current CHOICE recipients, and after adjusting for disabled individuals who would also be eligible for the CHOICE program, the estimated additional number of eligible individuals not currently receiving services is about 12,400. The average cost of serving individuals on the CHOICE program is currently about \$605.68 per month with a 9-month average length of stay on the program. The resulting estimated additional cost to serve these 12,400 individuals is \$68 million. There are currently approximately 3,800 individuals on formal waiting lists.

Note: This estimate of the costs of serving all individuals who would be eligible for formal in-home services through the CHOICE program probably understates the likely costs for the following reasons. The estimate of 156,000 elderly individuals is conservative in that individuals with cognitive impairment are not included in this number. In addition, the 109,453 individuals receiving IN-Home services in FY98 would include the non-elderly. The income distribution of the general elderly population may not hold true with the elderly population with the physical impairments required for eligibility for the CHOICE program. Finally, if significant additional funds become available for in-home services, the income distribution of CHOICE clients and the pattern of informal family and community support may change, as well, resulting in more individuals effectively in need of formal services.

An alternative estimate of the number of individuals in need of CHOICE services has been provided by the CHOICE Advisory Board (1997 Annual Report: Statewide IN-Home Services Program; p. 33). The Board estimates a daily census of 12,000 to 13,500 on the CHOICE program would provide services to all persons who are at risk of losing their independence without additional assistance. These numbers translate into an additional annual cost of \$33 million to \$44 million.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration

Local Agencies Affected:

Information Sources: Harlow K.S., E.D. Kinney, M. Przybylski, Projecting the Need for Community-Based, Long-Term Care and Other Supportive Services in Indiana, Center for Urban Policy and the Environment, School of Public and Environmental Affairs, Indiana University, July 1998.

1997 Annual Report: Statewide IN-Home Services Program, Family and Social Services Administration, June 30, 1997.